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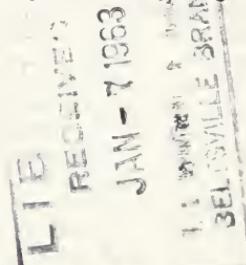
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Agricultural Situation

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INCREASING GROSS FARM INCOME OFFSET BY RISING COSTS

Realized net farm income in 1963, as in 1962, will approximately equal the \$12.8 billion of last year. Gross income continues to rise, but the increase continues to be offset by rising costs.

The trend toward higher net income and output per farm will continue in 1963 as farm numbers and farm population continue to decrease. The acreage, capital investment, and volume of business per farm will continue to in-

crease as farmers become increasingly efficient in meeting domestic and export demands for food and fiber.

Prices received by farmers and cash receipts from marketings this year are each running about 1 percent above 1961. Livestock product prices are slightly higher, and crop prices are up more than 2 percent. Most of the gain in cash receipts this year is from larger receipts from cattle and cotton. These



increases more than offset declines in cash receipts from such commodities as wheat, eggs, turkeys, and dairy products. Receipts from marketings this year were supplemented by an increase of about \$400 million in payments under terms of the 1962 Feed Grain and Wheat Programs.

Little change in cash receipts from farm marketings is in prospect for 1963, reflecting small changes for most commodities. Marketings of livestock products are expected to increase in 1963 and prices may average lower, resulting in slightly larger cash receipts from livestock. This points to the possibility of some decline in average level of farm product prices next year. Little change is anticipated in marketings, average prices, and cash receipts from crops. Larger government payments in 1963 will contribute most to a small gain in gross farm income.

Prices for cattle, hogs, sheep, and lambs have been higher since mid-1962 than they were in the last half of 1960 or 1961. Prices for cattle and hogs likely will average a little lower in 1963 than this year, but prices for sheep and lambs probably will continue above year-earlier prices next year.

Milk production may reach a new record in 1963, but, with lower prices, cash receipts from the farm sales of milk and cream are expected to be lower in 1963 than this year.

Egg production in 1963 probably will slightly exceed the 175 million cases in prospect for all of 1962, and prices are expected to average lower for the year as a whole.

A greater output of broilers and turkeys than in 1962 appears in prospect for 1963. Producers are receiving higher prices for both of these products in 1962 than in 1961. Higher production but lower prices appear likely through the early part of 1963.

Crop prices generally are running 2 percent higher this year than last. Crop prices in 1963 are expected to average nearly as high as this year, reflecting 1962-crop price support programs through much of the year. The 1963 programs for wheat and feed grains provide for lower loan rates supplemented by payments-in-kind.

Prices paid by farmers for production items, including interest, taxes, and wage rates this year are running more than 2 percent above a year earlier. With some increase in the use of fertilizer, feed, livestock, and machinery, farm production expenses may total around \$600 million more than in 1961. Prices paid by farmers for production items may increase a little in 1963 from levels this year. The persistent rise in charges for interest, taxes, and depreciation will be the major contributor to the expected increase in farm production expenses next year. Prospective trends in prices received and in the Parity Index point to a parity ratio in 1963 close to the average of the past three years.

Farm output this year is about the same, overall, as in the past 2 years. Meat and dairy production are running a little higher and food grain production is substantially lower. Production of livestock products will rise further in 1963, and carryover stocks of grain likely will be reduced.

More farm products were purchased in the United States this year than last, and domestic demand is expected to continue to expand in 1963 about in proportion with the growth of our population. Consumer incomes, after taxes, are expected to continue to rise in 1963, but by considerably less than the gain of 5 percent from 1961 to 1962. Consumer purchases of food this year are running 3½ to 4 percent above what they were a year earlier. Per capita consumption of food may increase slightly in 1963; prospective increases in per capita consumption of red meat and poultry more than offset indicated declines in per capita use of dairy products and eggs.

Exports of U.S. farm products were a record high in fiscal 1961-62 with increases in exports of wheat and feed grains adding most to the gain. In fiscal 1962-63, exports of soybeans, food fats, and oils will be greater than a year earlier; that of wheat and feed grains, less. Continued large shipments under export programs will help maintain total agricultural exports at close to current, record-high levels.

Clark Edwards
Economic Research Service

THE TOBACCO OUTLOOK FOR 1963

The 1962-63 total supplies of flue-cured and burley—the two big volume tobaccos—are about 3 percent above 1961-62 and above each of the preceding 4 years. For other kinds, supplies vary—some of them down moderately or not greatly different from last year, although total supplies of Maryland and some cigar filler types will be larger.

The use of cigarettes and cigars in 1963 is expected to continue to increase some, but no sizable increase seems likely in smoking tobacco. A downward drift is expected in the use of chewing tobacco and snuff.

This year about 62½ million U.S. cigarette users smoked about 512 billion cigarettes—nearly 2 percent more than in 1961. This will account for about 95 percent of total output and the other 5 percent will be exported and shipped to U.S. possessions. The 1962 use of cigars (including cigarillos) is estimated at near 7.1 billion—a modest increase from 1961.

The 1962 output of smoking tobacco for pipes and roll-your-own cigarettes is estimated at near 70 million pounds—down about 4 percent from 1961. The 1962 production of chewing tobacco and snuff is estimated at near 65 and 33 million pounds, respectively. Indicated output of chewing tobacco is close to last year's, but output of snuff may be down 3 percent.

The foreign market—usually the outlet for about a fourth of U.S. tobacco—might take a little more in calendar year 1962 than in 1961, but exports of tobacco during fiscal year 1962-63 probably will be below 1961-62. The generally lower quality of the 1962 flue-cured crop (the major export tobacco) is adversely affecting exports. Also,

competition from foreign tobacco producing areas is becoming more intense. The presently scheduled duty rates on tobacco of the European Common Market will tend to affect our exports adversely. The new Trade Expansion Act enacted by the last Congress will assist in bargaining to reduce Common Market tariffs on U.S. tobacco.

Marketing quotas and acreage allotments will definitely be in effect on the 1963 crops of flue-cured, burley, fire-cured, dark air-cured, and sun-cured tobaccos. Growers of these kinds voted 3-year approval of quotas in referendums held during 1961 and early 1962. In early 1963, growers of Maryland tobacco, Ohio cigar filler, Wisconsin binder, and of Connecticut Valley binder types will vote on whether or not to continue marketing quotas on their 1963, 1964, and 1965 crops. At least two-thirds of the growers voting must vote approval to maintain quotas in effect.

On November 30 the Secretary of Agriculture proclaimed the quota to be in effect on the 1963 flue-cured crop. Converted to acreage the 1963 quota means a national allotment of 710,190 acres. For most farms flue-cured allotments in 1963 will be 5 percent below 1962. Two more varieties—Coker 316 and Reams 64—were added to the 50 percent-support list. The Secretary has until February 1, to announce quotas for burley and other kinds of tobacco.

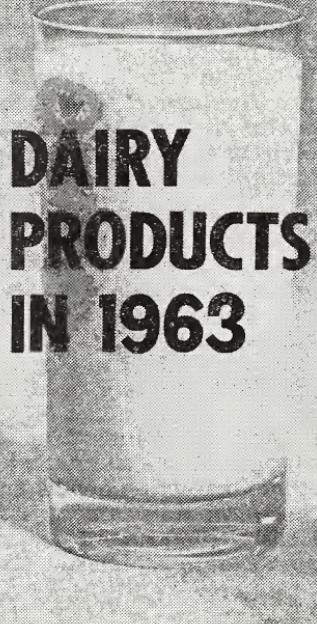
Government price support is mandatory for tobaccos produced under marketing quotas. The 1962 overall levels of support are 1 percent above 1961, and available data indicate that the 1963 levels will be up about another 1 percent.

Arthur G. Conover
Economic Research Service

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THE OUTLOOK FOR



DAIRY PRODUCTS IN 1963

In a nutshell, supplies of milk and dairy products will be even more abundant in 1963 than in 1962.

Farmers will send a record quantity of milk to market. Consumers' total purchases of dairy products are expected to increase less than farmers' marketings. As a result, in 1963 more dairy products are likely to be offered to the Government under the price support program. Cash receipts from farmers' sales of dairy products in 1963 are likely to be somewhat lower than in 1962 because prices farmers receive probably will be down.

Consumers will pay about the same price for dairy products as this year. Milk production has been expanding since 1959, and this year production is going to be about 126.5 billion pounds, around 1 billion pounds more than last year's record. Farm marketings of milk and cream have increased even more (about 1.8 billion pounds) as a result of less use of milk on dairy farms as their number decreases.

In 1962 the number of milk cows averages about 17.3 million, only about

0.7 percent below last year. Next year the sale of dairy cattle for slaughter is expected to be greater than this year. As a result, the number of milk cows is likely to average about 17 million. Milk production per cow this year is increasing about 115 pounds, bringing the average to 7,325 pounds per cow. This compares with more than a 200 pound average gain per year from 1954 to 1961. Next year milk production per cow is expected to resume a more rapid rate of increase, and milk production, despite lower cow numbers, may increase by about the same amount as this year. Farm marketings of milk next year are likely to exceed 120 billion pounds for the first time.

The 1963 expectations are that milk consumption will increase. Population, too, will increase about 3 million persons. Large quantities of dairy products donated by CCC for consumption in welfare and school lunch programs will supplement a small gain in total use from commercial sources.

In 1962 total civilian consumption of milk in all forms is increasing about 1½ billion pounds over 1961 to 117 billion pounds. This gain has come about because CCC-donated dairy products rose about 2 billion pounds of milk equivalent, to about 5.3 billion pounds, which were used in welfare and school lunch programs. Increased sales of fluid milk products also are contributing to the gain in consumption.

In 1962 the decline in consumption per person, which has been going on since 1956, is being arrested. Milk consumption per person in all forms is being maintained at 640 pounds, the same rate as last year. However, in 1963 it is probable that the longtime downward trend will resume. Per capita consumption of fluid milk and cream is falling slightly from 314 pounds in 1961 to 312 pounds this year, because there are fewer persons to use these products on farms with milk cows, where consumption is highest.

Use of butter per person is holding at last year's rate of 7.4 pounds per person, and consumption of cheese is up from 8.5 to 9.0 pounds per person. This year's big gain came about because the USDA gave away over 160

million pounds of cheese purchased by CCC for use in welfare and school lunch programs, compared with only 24 million pounds last year.

Use of evaporated milk, however, is falling more than 7 percent this year, and consumption of nonfat dry milk also is declining from 6.2 pounds per person in 1961 to 6.0 pounds this year, the first decline since 1956.

The use of nonfat dry milk in homes continues to gain, but its use by food industries such as bakeries, meat packers, etc. has declined very much both last year and this year.

The decrease in the use of nonfat dry milk is causing total consumption of milk solids-not-fat to level out. Use of milk solids-not-fat has gained every year since 1954. Despite these gains, production of milk solids-not-fat has increased so rapidly that the gap between production and consumption is widening and can be expected to increase next year.

Over a number of years production of milkfat has grown, while total consumption has changed little. This year the use of milkfat is increasing slightly, its first gain since 1958, but this has resulted in little change in the gap between production and consumption per person. Next year's increase in production is likely to widen the difference.

The very large supplies of dairy products now in Government hands, and anticipated heavy Government purchases next year, will cause Government programs to continue to be an important part of consumption. This year total consumption from commercial sources is increasing about 200 million pounds of milk equivalent to about 103.7 billion pounds. While this is a gain over last year, it is still 1 billion pounds below 1960.

Anthony G. Mathis
Economic Research Service

WOOL PRODUCTION DOWN . . . USE AND IMPORTS INCREASING

The outlook for the United States' wool industry in 1963 is for a moderate increase over 1962 in domestic use of wool. This reflects a continued increase in imports of wool textile products, a relatively stable mill use of apparel wool, and an increase in mill use of carpet wool.

A decline is expected in shorn wool production due to a smaller number of sheep. Slightly lower imports of dutiable raw wool and moderately higher imports of duty-free wool can be expected. A moderate decline in the average price received for shorn wool can be expected in 1963, unless international tensions increase, as interfiber competition is increasing and man-made fiber prices are lower.

Domestic use of wool in 1963 will likely total more than the 560 million pounds that is expected to be used in 1962. Domestic use in 1962 will be about 5 percent above 1961 and 15 per-

cent above the 1955-59 average. This increased use in 1962 is due to a substantial gain in imports of apparel wool textile products to a record high of 65 million pounds, raw wool equivalent.

The average price received for shorn wool in the 1962 marketing year (April 1962-March 1963) likely will be moderately higher than the 42.9 cents per pound, grease, received in 1961, as prices have been as much as 10 percent higher than a year earlier. The shorn wool incentive level for the 1963 marketing year has been established at 62 cents per pound, grease, the same as in the first 8 years of the program. In addition, the marketing year under the incentive program is being changed to a calendar year basis from an April-March period. In making this transition, the 1963 marketing year will be April 1 to December 31.

Charles E. Raymond
Economic Research Service

LITTLE CHANGE EXPECTED IN FOOD MARKETING CHARGES

Charges for marketing food (per unit of product) are expected to average about the same next year as in 1962. The average this year has been about the same as in 1961. The current year is the first since 1950 that marketing charges have not increased significantly.

The stability in unit marketing charges reflects a leveling off in operating costs of firms that process and distribute food products. These costs probably will not change much in the year ahead.

Gains in output per man-hour have kept labor costs (per unit of product handled) from increasing since 1960, though average hourly earnings of employees have continued to rise. Trans-

portation charges have changed little in recent years. Other costs likewise have remained relatively stable.

Farmers' prices for food products probably will average slightly lower next year than in 1962, mainly because of small decreases in prices of most livestock products. Farmers' prices for food products have averaged about 1 percent higher this year than in 1961, mostly because of higher prices for beef cattle and hogs.

Prices consumers pay for farm foods in retail food stores in 1963 may average about the same as in 1962, or a little lower. These prices have run about the same this year as in 1961.

Forrest E. Scott
Economic Research Service



Total production of citrus fruit in 1962-63 will be somewhat larger than the heavy output of 1961-62 if early season prospects for the new crop materialize. But the 1963 deciduous crop may not be up to the large production of 1962 unless growing conditions are better than usual. Increased production of edible tree nuts over the relatively light 1962 tonnage can be expected next year.

The 1962-63 Florida crops of oranges, tangerines, and grapefruit are expected to be larger than the 1961-62 crops. In California prospects for the new orange crop are more favorable, and for lemons less favorable, than the 1961-62 production.

The 1962 deciduous fruit crop was a little smaller than the heavy 1961 crop but moderately above average. Year-end stocks of fresh apples, pears, and

grapes probably will be larger than on January 1, 1962.

Another large pack of canned deciduous fruits, but a decreased output of frozen and dried fruits, are indicated for 1962. The 1961-62 pack of frozen orange concentrate was record large, and carryover stocks were up substantially this fall.

A substantial increase in production of walnuts in 1962 was much more than offset by heavy decreases in almonds, filberts, and pecans.

Consumer demand for fruit in 1963 is expected to be as strong as, or better than, this year, a reflection of continued high incomes and the population increase. Prospects for United States exports of fruit, however, in the 1962-63 marketing season do not appear quite as favorable as in 1961-62.

Ben Pubols
Economic Research Service

POULTRY AND EGG PRODUCTION TO INCREASE IN 1963

Higher prices received by broiler and turkey producers in 1962, compared with 1961, appear to have set the stage for a large expansion in poultry production in 1963. The upturn in broiler production is already well underway. In addition, turkey growers indicated in October that they plan to keep more breeder hens than a year ago. Some increase in egg production may occur also, because egg prices late this year and early next year may be high enough to encourage a moderate increase from 1962 in the number of replacement chickens raised.

Recent hatchery activity indicates that *broiler production* at the beginning of 1963 will run about 20 percent above the year-earlier level. This larger output is expected to result in lower prices than in 1962. The higher output and lower prices, predicted for the first part of 1963, may continue throughout much of the year. This seems likely for a number of reasons.

First, the broiler industry is in a much stronger financial position than it was a year ago. Second, prices in early 1963, while lower than in the same months of 1962, may not be so low as to force an immediate sharp reduction in broiler production. Finally, output will be encouraged by an expected increase in the supply of broiler hatching eggs.

The bulk of the 1962 *turkey crop* will be marketed at prices significantly higher than the extremely low prices of 1961. Because slaughter at the end of the year is expected to be down only a little from 1961, the usual November-to-December price rise may not materialize this year. In mid-November, producers received 22.8 cents per pound for turkeys compared with 18.0 cents a year earlier.

For 1963, a turkey crop larger than this year's 92 million birds appears in prospect. Such a crop would be second in size only to the record 1961 output of 108 million turkeys. Three factors in particular will create pressures for a larger output:

(1) A reduced breakeven price for the industry as a whole compared with 1957-60, (2) significantly higher turkey prices in 1962 than in 1961, and (3) smaller frozen turkey stocks than a year ago in prospect for the beginning of 1963.

Egg production is increasing seasonally, but the rise in 1962-63 is likely to be more gradual than a year earlier. On November 1, the Nation's laying flock was about as large as on the same date in 1961. However, by the beginning of 1963, layer numbers may be 1 to 2 percent below the year-earlier level, reflecting the probable heavier slaughter of hens from an older laying flock. Expected gains in the rate of lay are not likely to be fully offsetting, with the result that egg production early next year may be lower than in the same period of 1962.

The usual fall-to-winter decline in egg prices may be arrested or temporarily reversed this season. During this period, egg supplies are likely to shrink compared with those of a year earlier. In addition, the small stocks of shell and frozen eggs are an indication that the demand on the part of commercial breakers will be a strong price-sustaining force for eggs, as it was a year earlier.

Prices late this year and early next year may be high enough to induce about a 5 percent increase in the number of chickens raised for flock replacements. Most of the increase in hatch of egg-type chicks is likely to occur in the first 4 months of the year. If this materializes, the Nation's laying flock would probably be restored to year-earlier size in the second half of 1963. With a continuation of the uptrend in the rate of lay likely, egg production during this period would probably exceed the 1962 output. This would tend to limit the seasonal climb in egg prices in 1963 compared with 1962. Egg production for 1963 as a whole may be up a little from 1962; prices are likely to average somewhat lower because demand may decline further.

Herman Bluestone
Economic Research Service

THE OUTLOOK FOR LIVESTOCK

SHEEP



HOGS



CATTLE

CALVES

Cattle

The increase in cattle numbers that started in 1958 is continuing this year, and numbers are expected to increase again in 1963. The addition of cattle to the inventory, in the form of the calf crop and imports, is exceeding the disappearance from the inventory, due to slaughter and death losses, by about 2.5 million head this year. For the first time cattle numbers in the United States are passing the 100-million head mark. An inventory of about 102 million head is in sight for next January, which would represent an increase of about 2.5 percent from the 99.5 million head reported this year.

The increase in total cattle numbers understates the potential gain in beef production because the number of cattle kept for milk has decreased each year since 1954. The gain in the beef cattle inventory is expected to be about 4 percent this year, up slightly from gains in beef cattle numbers of 2.0 and 3.4 percent in 1960 and 1961, respectively.

Cattle slaughter for 1962 is running about 2 percent above last year, but beef production will be up only a little over 1 percent because of a drop in the average dressed weight. Federally inspected slaughter this year includes more steers and cows but fewer heifers than last year. Calf slaughter is expected to be down about 3 percent from the 8.1 million head slaughtered last year and will be at the lowest level since 1930.

Commercial cattle slaughter in 1963 is expected to be near 27.0 million head—up 3 to 4 percent from this year. Beef production probably will increase by a like amount. The increase in slaughter next year is expected to be made up mostly of steers and cows with only a slight increase in heifer slaughter.

Fed cattle prices in 1963 are expected to continue above 1962 prices until mid-winter but may average under this year's price from then through spring. Prices for slaughter cows probably will increase seasonally in the late winter and spring months but may average slightly under this year's price.

Hogs

Producers in 10 Corn Belt States reported in September that farrowings for the first half of the 1962 fall pig crop were up 4 percent from last year. They also reported intentions to increase farrowings by 4 percent in the last half of the fall farrowing season. In the June pig crop survey, producers outside the 10-State area reported intentions to farrow fewer sows this fall than a year ago. If producers in these States did not alter their intentions drastically, the fall pig crop this year would be about 2 to 3 percent larger than a year ago. Such an increase would be reflected in slaughter from mid-winter on. Therefore, barrow and gilt slaughter through spring is expected to be up slightly from this year, with prices averaging under this year.

Producers in the 10 Corn Belt States in September also reported intentions to increase spring farrowings in 1963 by 4 percent. An increase of this size in the entire spring pig crop would result in a little greater increase in the supply of pork during the late summer and fall of next year than the increase in demand that will result from the increases in population and consumer income. Also, consumer preference for pork in recent years has declined gradually. Therefore, an increase of 4 percent in the spring pig crop next year likely would result in a 1963 fall price of \$1 to \$1.50 per hundredweight under this fall.

Sheep and Lambs

The sheep and lamb inventory next January probably will be near 30 million head—the lowest inventory since 1950. This is a reduction of about 1.5 million head from the beginning inventory this year of 31,446,000 head. Continued large scale liquidation is not expected in 1963.

Sheep and lamb slaughter in the first quarter of 1962 was high, relative to the number of lambs on feed January 1, thus reflecting a larger than normal slaughter of lambs out of the stock sheep inventory. This high rate of slaughter held lamb prices at a low level. The slaughter of lambs out of the stock sheep inventory tapered off in late March and lamb prices recovered sharply. The average price received by farmers for lambs in June was \$19.90 per hundredweight, the highest average farm price for lambs since June of 1960. Lamb prices have continued at a level much improved over the low prices of 1961.

The number of lambs on feed and the number of lambs carried in the stock sheep inventory next January are expected to be down sharply from January of this year because of the high rates of slaughter this fall. Therefore, slaughter in the first quarter of next year may be as much as 15 to 20 percent under the first quarter of 1962, with prices much improved relative to January-March prices this year. Slaughter in the second quarter of 1963 likely will be closer to a year earlier than for any of the other quarters of

the year. At that time, slaughter will come primarily from the early spring lamb crop, which probably will not be down as much as the late lamb crop.

Meat Consumption

Total meat consumption per person this year probably will be about 1.5 pounds above the 161 pounds in 1961. Total meat production likely will be up slightly from the 28.6 billion pounds produced last year and domestic supplies were supplemented by larger imports and cold storage stocks. Increased beef and pork production in 1963 probably will more than offset a decrease in production of veal, and lamb and mutton. Total red meat supplies next year are expected to increase sufficiently to add an additional pound to per capita consumption.

Donald Seaborg
Economic Research Service

The Outlook for Rice

Acreage controls and large-scale exports, principally under Government programs, reduced carryover stocks of rice to 5.3 million hundredweight, rough equivalent, on August 1, 1962, which is sharply down from the record level of 34.6 million, 6 years ago. The carryover on August 1, 1963, is projected at 8.5 million hundredweight, representing a more desirable carryover level than the 5.3 million hundredweight on hand last August 1. Should acreage in 1963 return to the 1961 level, production would be about equal to domestic use and exports. As a result, carryover on August 1, 1964 could be about the same as estimated for August 1, 1963.

Robert Post
Economic Research Service



The Farmer's Share

In September 1962, the farmer's share of the consumer's food dollar was 39 cents, the same as it was in August. In September 1961, the farmer's share was 38 cents.

FURTHER REDUCTION AHEAD FOR THE FEED GRAIN CARRYOVER



The total supply of feed grains for 1962-63, estimated in November at 212 million tons, is 6 percent less than in 1961 and 8 percent below the record supply of two years ago. The consumption of feed grains is expected to remain heavy in 1962-63. Carryover stocks, which dropped 14 million tons in 1961-62, probably will be reduced again in 1962-63 by about the same amount.

The smaller feed grain supplies in 1961 and 1962 resulted from a smaller acreage planted under the 1961 and 1962 Feed Grain Programs. The 105 million acres of feed grains to be harvested in the United States this year are about 24 million acres below the 1959 and 1960 level.

Domestic consumption of feed grain reached a new record high of 155 million tons in 1961-62, or 9 million more than in the preceding year and 40 million more than 5 years ago. With increasing livestock numbers in prospect for 1962-63, domestic consumption is expected to continue to be heavy, probably exceeding the high level reached in the past year.

Exports of feed grains increased sharply in 1961-62, reaching a record high of over 17 million tons. About two-thirds of these exports were sold through commercial channels without government assistance. Total exports for 1962-63 are expected to be 3 million tons less than last year but larger than exports in any previous year.

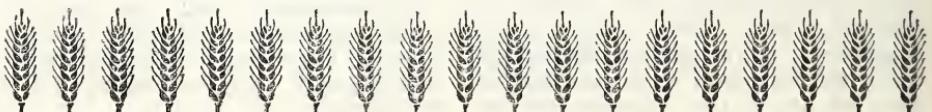
Much of the reduction in feed grain supplies for 1962-63 is in corn. The

total corn supply for 1962-63 is estimated at 5,204 million bushels, 430 million bushels less than in 1961-62. The 1962 crop of 3.6 billion bushels is nearly equal to the 1961 crop but 8 percent less than the record 1960 crop. The carryover of corn, on October 1, 1962, dropped to 1.6 billion bushels, nearly 400 million bushels below a year earlier.

The total disappearance of corn reached a record high of over 4.0 billion bushels in 1961-62, with both domestic use and exports setting new records. Total disappearance of corn may continue near this high level in 1962-63. This would reduce the carryover into 1963-64 to around 1.2 billion bushels.

The 1962-63 supply of sorghum grain is a little below supplies of the past two years, as sorghum producers have substantially reduced plantings. The 1962 crop of 490 million bushels is 2 percent above last year but much smaller than the big crops in 1959 and 1960. Domestic use and exports of sorghum grain are expected to continue at high levels during the coming year, resulting in a further decline in carryover on October 1, 1963.

The oat supply for 1962-63 is estimated at 1,310 million bushels, 3 percent less than in 1961-62, continuing the downward trend which has been underway for several years. Barley supplies have also declined in recent years, and the total supply for 1962-63 is estimated at 569 million bushels, about the same as last year but 6 percent below the 1950-60 average.





Feed grain prices in 1962-63 are expected to average close to the 1961-62 level. The provisions of the Feed Grain Program, important in influencing 1961-62 prices, are essentially the same for 1962 crops as they were in 1961. Price supports on the 1962 crop feed grains are the same as for the 1961 crops. CCC sales of feed grains, which were important last year in stabilizing feed grain prices, are expected to remain large in 1962-63.

Prices received by farmers for corn and sorghum grain in 1962-63 may average about the same as in 1961-62. Last year prices received by farmers averaged well below the national average support price of \$1.20 per bushel for corn and \$1.93 per hundredweight for sorghum grain. Prices of oats and barley have declined in recent months with the harvesting of the larger crops of these grains. Prices of these grains

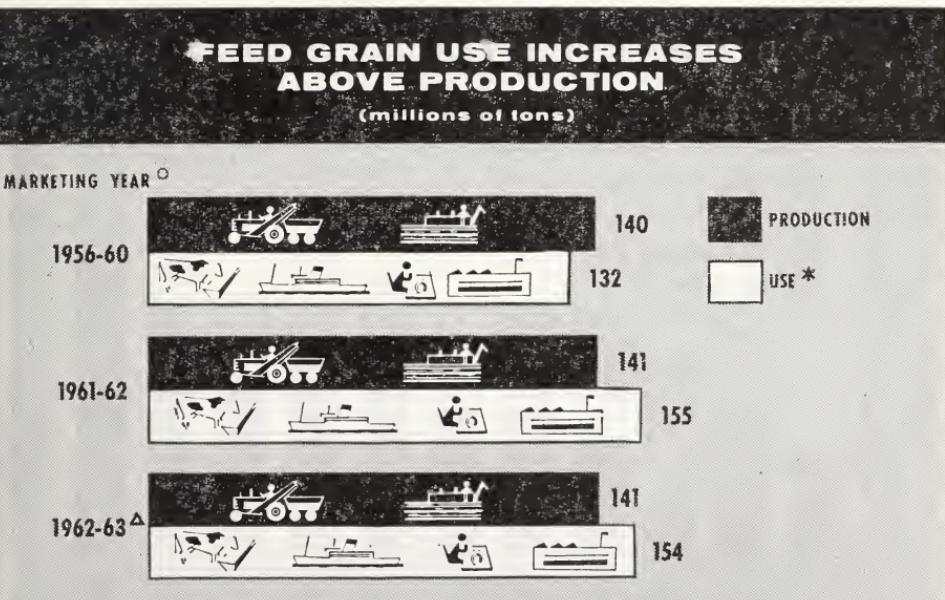
are expected to average a little lower in 1962-63 than in 1961-62.

The quantity of high-protein feeds fed to livestock has trended upward since before World War II. The strong demand in 1961-62 resulted in a 5 percent rise in the tonnage consumed by livestock at prices averaging 6 percent higher than in 1960-61. A more moderate increase in the quantity fed is in prospect for 1962-63, with prices probably slightly above last year.

Total supplies of hay for 1962-63 are estimated at 135 million tons, slightly below last year but close to the 1956-60 average. Hay supplies are much larger than last year in the Northern Plains area but are well below average in many of the eastern and southern States.

Malcolm Clough
Economic Research Service

The 1963 Feed Grain Program



RECORD FOOD FAT EXPORTS IN 1962-63 TO ACCOUNT FOR ONE-THIRD OF UNITED STATES' OUTPUT

The total supply of edible fats, oils, and oilseeds in the United States during the 1962-63 marketing year (began October 1) is forecast at a record 16.5 billion pounds (in terms of oil). This is about 4 percent more than the peak quantity available last year.

Domestic disappearance of food fats in 1962-63 is expected to continue at about the annual rate of 46 pounds (fat content) per person. These prospects indicate that the quantities of edible vegetable oils (cottonseed and soybean), lard, butter, and soybeans available for export and carryout stocks in 1962-63 will be a record 7.2 billion pounds, 6 percent more than last year.

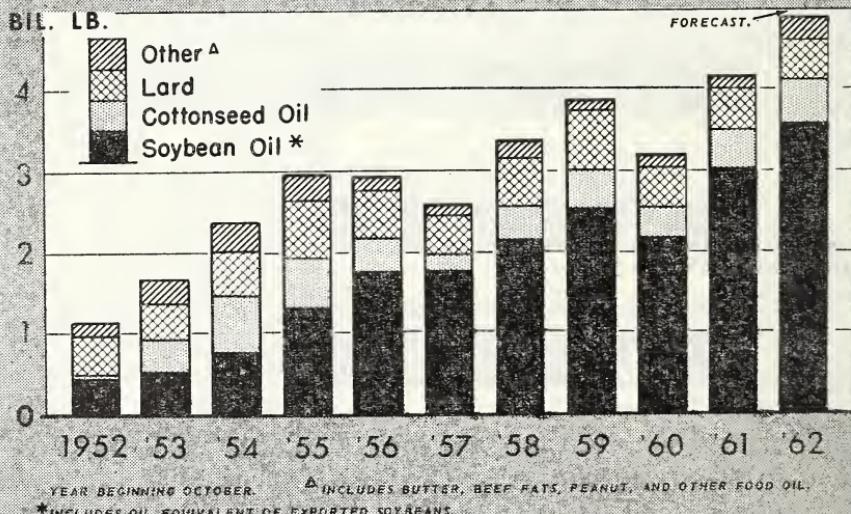
Current prospects are that exports of food fats (including the oil content of soybeans) through September 1963

may set a new record of around 4.9 billion pounds, roughly 20 percent more than during 1961-62. An export volume of this proportion would account for a good one-third of the 1962-63 U.S. output of these commodities.

Here are some of the main factors in the export outlook:

- Europe will continue to buy more U.S. soybeans because of expanding demand for meal and because European oil stocks probably are lower than last year. Mediocre crops in Communist China, as well as expanding demand because of increasing population, will continue to hold Chinese exports of soybeans and other oilseeds to a low level in 1962-63. Also, less copra and coconut oil are moving in World trade. The use of soybean oil in Europe has

Exports of Food Fats and Oils to Increase Sharply in 1962-63





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If you need more detailed information on the outlook for farm products in 1963, send us a card and let us know what you are interested in. We have reports on cotton, dairy, farm income, fats and oils, feed, fruit, livestock, poultry, and wool. Our address is: AGRICULTURAL SITUATION, Agricultural Economics, Division of Information, U.S. Department of Agriculture, Washington 25, D.C.

been trending upward slowly, and the European livestock economy continues to expand. Europe is now going through a rapid expansion in broiler production similar to what occurred in the United States during the past decade. On the other hand, exportable supplies of competitive African peanuts are again likely to be substantial, as they were in 1961-62.

● Exports to Japan, the major single market for U.S. soybeans, are expected to increase slightly as their upward trend in the use of soybeans and soybean products continues. The U.S. has supplied about 95 percent of Japan's soybean imports in recent years. The Japanese Government has postponed action on the liberalization of import restrictions on soybean oil and soybean meal, and this should favor increased imports of soybeans.

● A sharp expansion is expected in the movement of edible vegetable oils (cottonseed and soybean oils) under the Food for Peace Program (all Titles of P.L. 480)—about 1.3 billion pounds compared with 1.0 billion in 1961-62. Most of the expansion anticipated is under Titles I (sales for foreign currencies) and IV (long term credit sales) of P.L. 480. This will much more than offset a small drop in foreign donations due to the shift to butter. In addition to the large quantities of vegetable oils that will be programmed again under Title I to Pakistan, Turkey, Egypt, Israel, etc., new programs have been announced for Morocco and Tunisia and other countries.

● Exports of soybean oil for dollars to Spain may turn out to be at least as

large as in 1961-62 (400 million pounds) because of weather damage to the olive crop in that country.

Exports of edible vegetable oils (cottonseed and soybean oils) for 1962-63 are forecast at a record 2.2 billion pounds, up about 20 percent from the 1.8 billion pounds shipped abroad last year and double the 1960-61 volume. Soybean oil exports during 1962-63 are forecast at a record 1,700 million pounds, 27 percent more than last year. The increase would mainly reflect a heavy movement of oil under the Food for Peace Program. Cottonseed oil exports are forecast at 475 million pounds, about the same as last year.

Export sales of edible oils for dollars are expected to total about 900 million pounds (40 percent of the total) as Spain continues to be a major taker, accounting for roughly half of the total dollar movement estimated for 1962-63.

Exports of cottonseed and soybean oils under P.L. 480 (excluding Title III, foreign donations) are estimated at 1.1 billion pounds compared with 0.7 billion in 1961-62. The rise is mainly in Title I (sales for foreign currencies). Exports of edible oils under Title III during 1962-63 are placed at 200 million pounds, down slightly from the 270 million last year, as the foreign donations program tends to shift to butter.

Based on the above estimates of domestic and export requirements, carryover stocks of all food fats on October 1, 1963, will be down about 5-10 percent from the 2.6 billion pounds on the same date this year.

George W. Kromer
Economic Research Service

HIGHEST COTTON CARRYOVER SINCE 1957 IN PROSPECT FOR 1963

The carryover of all kinds of cotton in the United States next August 1 is likely to total about 9.0 million bales. This would be 1.2 million bales larger than beginning stocks and the highest carryover since 1957. The record carryover was 14.5 million bales on August 1, 1956.

The carryover is expected to increase during the current season because of a larger crop and smaller disappearance than last season. As of November 1, the 1962 crop was estimated at 14.5 million running bales. This is 200,000 bales larger than in 1961 and the largest crop since 1959. Disappearance during the current season is estimated at 13.6 million bales, 300,000 bales below a year earlier and the smallest disappearance since 1958. Smaller disappearance is expected because of a decline in mill use of cotton.

The 1962 crop of 14.5 million bales is being produced on 15.7 million harvested acres, 84,000 more acres than the 1961 crop was produced on. However, the larger crop for 1962 is primarily a reflection of higher yields, 444 pounds per harvested acre compared with 438 pounds in 1961. Ginnings from the 1962 crop totaled 9.2 million bales prior to November 1 compared with 8.7 million bales to the same date a year earlier. At 63 percent, it is the largest proportion of the crop ginned to this date since 1959.

National Acreage Allotment

The national acreage allotment for the 1963 crop of upland cotton has been set at 16.0 million acres, not including the national acreage reserve for small farms. This acreage is sharply lower than the 18.1 million acres allotted for the 1962 crop. However, this may not be the final national acreage authorized for the 1963 crop because of possible new legislation. The acreage allotment for extra-long staple cotton for the 1963 crop has been set at 149,880 acres, up from 100,293 acres allotted for the 1962 crop.

Use of cotton by mills in the United States during the 1962-63 season is ex-

pected to total around 8.6 million bales, about 400,000 bales below the 9.0 million used in 1961-62. A lower level of use during the current season than a year earlier is indicated by recent declines in the rate of cotton use and increases in the ratio of mill stocks to unfilled orders for cotton cloth. The use of cotton for the current season could fall below 8.6 million bales if the level of general economic activity declines.

Exports

Cotton exports during the 1962-63 season are expected to total near 5.0 million bales, approximately the same as the 4.9 million exported a year earlier. Exports have averaged 5.4 million bales for the past 5 years. Smaller than average exports are indicated during the current season by a low level of registrations under the payment-in-kind program and an expected record-high production of cotton in the foreign free world. Factors which are expected to maintain exports near 5 million bales include:

- An expected high level of use in the foreign free world.
- The possibility of a small increase in stocks of cotton in importing countries.
- Expected relatively large Government financing under special programs.
- Some recent improvement in the competitive position of U.S. growers of cotton in world markets.

Prices

Spot market prices for cotton have been relatively steady recently, after trending downward for several months. The average spot market price for the 1961-62 season was 33.67 cents per pound, up 2.71 cents from a year earlier. Prices received by farmers for cotton during the 1961-62 season averaged the highest since 1958-59.

James Donald
Economic Research Service

Meet the State Statistician . . .



If Emery C. Wilcox had a hat for each of the professions in which he has training and experience, they would fill quite a rack.

One hat would be labeled "agricultural statistician," for he is agricultural statistician-in-charge of the Washington Crop and Livestock Reporting Service in Seattle. Another hat would be labeled "geographer;" another, "land economist;" and still another, "journalist."

This collector of "hats" has been accumulated over 30 years, mostly in Madison, Wisconsin.

As a high school boy in Altoona, Wisconsin, Emery wanted to be a newspaperman. He enrolled in the school of journalism at the University of Wisconsin, and got a night job on Madison's morning newspaper. At the end of two years, he changed his major subject to geography. This led to a part-time job as map maker in the office of Wisconsin's agricultural statistician. Soon he became a full-time worker and a part-time student of geography, statistics, and economics. It took ten years to acquire his first degree, in geography, and begin part-time graduate studies. Specializing in land economics, he continued for several more years. In the office, the map maker became a qualified agricultural statistician, as well as a writer and editor. Outside, he taught geography for seven years, during summer sessions at the University.

EMERY C. WILCOX

"When I moved to the State of Washington in 1951, I knew only two or three people, but felt right at home," Wilcox says. "I found glacial moraines and land formations just like those I knew so well in northern Wisconsin."

In the past 11 years he has become acquainted with hundreds of people in Washington, especially the farmers who produce the State's \$600 million per year agricultural output. Wheat, in the eastern part of the State; milk, produced mostly in the Puget Sound area; and apples, in central Washington, loom biggest on a dollar basis; but Washington's highly specialized farmers produce more than 70 different crops. Among the States, Washington usually is first in apples and mint, and ranks among the top producers of strawberries, raspberries, cranberries, prunes, hops, filbert nuts, and "shed" rhubarb.

If Wilcox shows up in a new suit, he won't be joking when he says, "It's just something my wife whipped up for me." Esther Wilcox, who also grew up in Altoona, learned tailoring in an adult education class. This was when their son, Charles, was in high school. When he entered the University of Washington aiming at a degree in law, Esther went back to her earlier profession, nursing, in a hospital in Kirkland, a Seattle suburb.

Other interests are forgotten when Grandma and Grandpa Wilcox begin to talk about their yearling granddaughter, Cynthia. It just happens that they usually have a recent photograph. My! How she's grown!



Growth Through Agricultural Progress

December 1962

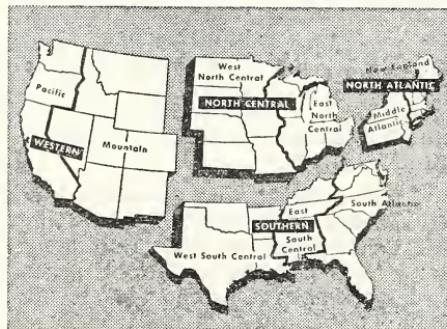
In This Issue

Page

Increasing Gross Farm Income	
Offset by Rising Costs	1
The Tobacco Outlook for 1963	3
The Outlook for Dairy Products in 1963	4
Wool Production Down	5
Little Change Expected in Food Marketing Charges	6
Fruits and Tree Nuts—1963	6
Poultry and Egg Production to Increase	7
The Outlook for Livestock	8
Rice Outlook	9
The Farmer's Share	9
Further Reduction in Feed Grain Carryover Ahead	10
Record Food Fat Exports in 1962-63	12
Need More Outlook Informa- tion?	13
Highest Cotton Carryover Since 1957 in Prospect	14
Meet the State Statistician, Emery C. Wilcox of Wash- ington	15

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